

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7543

BILL NUMBER: SB 474

NOTE PREPARED: Jan 8, 2009

BILL AMENDED:

SUBJECT: Local Sales Taxes.

FIRST AUTHOR: Sen. Stutzman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that a municipality may levy a Local Option Gross Retail Tax of 1/2% of retail sales occurring in the municipality if the Office of Tourism Development certifies the municipality as an outstanding Indiana tourist destination. It provides that a municipality that levies the Local Option Gross Retail Tax may use the Local Option Gross Retail Tax revenue for any lawful purpose. It also provides that the Department of State Revenue shall maintain several data bases of local sales tax data associated with the Local Option Gross Retail Tax, in accordance with the requirements of the Streamlined Sales and Use Tax Agreement.

Effective Date: July 1, 2009.

Explanation of State Expenditures: This bill will increase administrative costs for the Department of State Revenue (DOR) and the Office of Tourism Development (OTD).

The DOR will be required to administer the Local Option Gross Retail Tax allowed under this bill. The bill allows any municipality that is certified as an outstanding tourist destination by the OTD to impose a Local Option Gross Retail Tax. The DOR is also required under the bill to establish and maintain several data bases of information. The first data base listed must describe the boundary changes for all local taxing jurisdictions including a description of each change and the date of the change. The second listed data base must include all sales or use tax rates and the jurisdictions levying the tax. The final data base must assign 5-digit codes to each location within the same ZIP Code that levies a sales or use tax.

The OTD is required to establish a program to certify a municipality as an outstanding Indiana tourist destination. The OTD must consider the following factors: (1) annual revenue generated by tourism in the

municipality; (2) natural features of the municipality or its surrounding parts; (3) cultural attractions of the applicant municipality; and (4) any other distinctive attraction associated with the municipality.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill could increase revenue for any municipality that levies the Local Option Gross Retail Tax allowed under this bill. The amount of the increase in revenue is indeterminable. The bill provides that the only municipalities eligible to impose the tax are those municipalities that have been certified as outstanding Indiana tourist destinations by the Office of Tourism Development.

The bill allows the revenues collected from the tax to be used for any lawful purpose. The bill also provides that the maximum tax rate is 0.5%. The bill requires an account within the state General Fund to be set up for the deposit of each adopting municipality's Local Option Gross Retail Tax revenue. These funds are then distributed after the last day of each month by the Auditor of State to the fiscal officer of each adopting municipality.

State Agencies Affected: DOR; OTD.

Local Agencies Affected: All municipalities.

Information Sources:

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